

MULTIMEDIA



UNIVERSITY

STUDENT IDENTIFICATION NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2016/2017

BMF1014 – MATHEMATICS FOR FINANCE
(All Sections / Groups)

13 OCTOBER 2016
9.00 a.m. - 11.00 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages, inclusive of a list of formulae.
2. Attempt all 4 questions. The distribution of marks for each question is given.
3. Students are allowed to use scientific calculators.
4. Please write your answers in the **Answer Booklet** provided.

Question 1 [Total = 25 marks]

- a) Office equipment was purchased for RM40,000 and is assumed to have a scrap value of RM8,000 after 10 years. If its value is depreciated linearly from RM40,000 to RM8,000.
- Find the linear equation that relates value (V) in RM to time (t) in years. [5 marks]
 - What would be the value of the equipment after 6 years? [2 marks]
- b) For the following system of equations:
- $$5x_1 - 3x_2 + 2x_3 = 13$$
- $$2x_1 - x_2 - 3x_3 = 1$$
- $$4x_1 - 2x_2 + 4x_3 = 12$$
- Write the system into matrix form $AX = B$ [2 marks]
 - Find the determinant of matrix A. [3 marks]
 - Find the cofactor, adjoint and inverse of matrix A. [10 marks]
 - Using inverse method, solve the system of equations above. [3 marks]

Question 2 [Total = 25 marks]

- a) Use row operations to change the following matrix to reduced form.
- $$\left[\begin{array}{ccc|c} 1 & 0 & -3 & 1 \\ 0 & 1 & 2 & 0 \\ 0 & 0 & 3 & -6 \end{array} \right] \quad [6 \text{ marks}]$$
- b) Rental costs for office space have been going up at 4.8% per year compounded annually for the past 5 years. If office space rent is now RM20 per square foot per month, what were the rental rates 5 years ago? [5 marks]
- c) A company estimates that it will need RM100,000 in 8 years to replace a computer. If it establishes a sinking fund by making fixed monthly payments into an account paying 7.5% compounded monthly, how much should each payment be? [6 marks]
- d) A motorcycle costs RM35,000. You pay 20% downpayment and amortize the rest with equal monthly payments over a 12-year period. If you must pay 8.75% compounded monthly,
- what is your monthly payment? [6 marks]
 - How much interest will you pay? [2 marks]

Continued.....

Question 3 [Total =25 marks]

- a) Find the derivatives of the following functions using the appropriate techniques.

i. $y = \frac{(x^2 + 2)(x^2 + x + 3)}{x^3}$ [3 marks]

ii. $y = \frac{1}{4}(5x^2 + 2)^4$ [4 marks]

- b) Find y' given $2x^2y - xe^y = x$. [6 marks]

- c) The monthly demand for a product is given by $p = -0.003x + 160$ where x is the number of units and p is the price per unit. Find the marginal revenue function. [4 marks]

- d) For the given function $f(x) = 2x^3 - 7x^2 + 4x - 1$.

i. Find the critical points. [4 marks]

ii. Find the intervals on which the function is increasing and decreasing. [4 marks]

Question 4 [Total =25 marks]

- (a) Evaluate the following integrals.

$$\int \frac{2t}{3t^2 - 1} dt \quad [7 \text{ marks}]$$

- (b) Smiley Shirt's is a company that sells children t-shirts in Damansara. This company manufactured two types of t-shirts, A and B. If x is the number of units A and y is the number of units B, then the cost and revenue in ringgit are:

$$C(x, y) = -5y^2 + 6xy + 12x - 4y - 7$$

$$R(x, y) = 4x^2 - 2y^2 - 6xy + 140x + 100y + 10$$

Find the numbers of each type of product that should be manufactured to maximize profit. What is the maximum profit?

[18 marks]

End of paper

LIST OF FORMULAE

1. Quadratic Formula [$ax^2 + bx + c = 0, a \neq 0$]

$$x = \frac{-b \pm \sqrt{b^2 - 4ac}}{2a}$$

2. Simple Interest

- (i) Interest: $I = Prt$ (P = principal, r = interest rate, t = number of years)
(ii) Accumulated amount, $A = P(1 + rt)$

3. Compound Interest

- (i) Accumulated amount, $A = P(1 + i)^n$ where $i = \frac{r}{m}$ and $n = mt$
(ii) Present value for compound interest, $P = A(1 + i)^{-n}$

4. Effective Rate of Interest, $r_{\text{eff}} = \left(1 + \frac{r}{m}\right)^m - 1$

5. Future Value of an Annuity, $S = R \left[\frac{(1 + i)^n - 1}{i} \right]$

6. Present Value of an Annuity, $P = R \left[\frac{1 - (1 + i)^{-n}}{i} \right]$

7. Amortization Formula, $R = \frac{Pi}{1 - (1 + i)^{-n}}$

8. Sinking Fund Formula, $R = \frac{Si}{(1 + i)^n - 1}$

9. Basic Rules of Differentiation

a) Derivative of a constant:

$$\frac{d}{dx}(c) = 0$$

b) Power rule:

$$\frac{d}{dx}(x^n) = nx^{n-1}$$

c) Sum rule:

$$\frac{d}{dx}[f(x) \pm g(x)] = \frac{d}{dx}[f(x)] \pm \frac{d}{dx}[g(x)]$$

a) Product rule:

$$\frac{d}{dx}[f(x)g(x)] = f(x)g'(x) + g(x)f'(x)$$

b) Quotient rule:

$$\frac{d}{dx}\left[\frac{f(x)}{g(x)}\right] = \frac{g(x)f'(x) - f(x)g'(x)}{[g(x)]^2}$$

c) Chain rule:

$$\frac{dy}{dx} = \frac{dy}{du} \cdot \frac{du}{dx}$$

d) General Power rule:

$$\frac{d}{dx}[u^n] = nu^{n-1} \frac{d}{dx}u$$

e) Logarithmic function:

$$\frac{d}{dx}(\ln u) = \frac{1}{u} \left(\frac{du}{dx} \right)$$

f) Exponential function:

$$\frac{d}{dx}(e^u) = e^u \frac{du}{dx}$$

10. Basic Rules of Integration

a) Indefinite integral of a constant:

$$\int k \, du = ku + C$$

b) Power rule:

$$\int u^n \, du = \frac{u^{n+1}}{n+1} + C$$

c) Sum rule:

$$\int [f(u) \pm g(u)] \, du = \int f(u) \, du \pm \int g(u) \, du$$

d) Logarithmic function:

$$\int \frac{1}{u} \, du = \ln u + C$$

e) Exponential function:

$$\int e^u \, du = e^u + C$$

f) Integration by Parts :

$$\int U \, dv = UV - \int V \, du$$